

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name Washtenaw County CSTS	County Washtenaw
Fiscal Year End September 30, 2006	Opinion Date March 15, 2007	Date Audit Report Submitted to State March 20, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

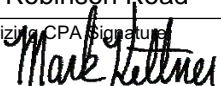
YES  
NO

**Check each applicable box below.** (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>	Not Applicable		
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name) REHMANN ROBSON		Telephone Number 517-787-6503		
Street Address 675 Robinson Road		City Jackson	State MI	Zip 49203
Authorizing CPA Signature 		Printed Name Mark T. Kettner, CPA, CGFM		License Number 11673

**Washtenaw County  
Community Support &  
Treatment Services**



Community...everyone is a member.

**Financial Statements  
and  
Supplementary Information**

**For the Year Ended September 30, 2006**



**REHMANN ROBSON**

*Certified Public Accountants*

**WASHTENAW COUNTY  
COMMUNITY SUPPORT & TREATMENT SERVICES**

**TABLE OF CONTENTS**

---

	<b><u>PAGE</u></b>
<b>INDEPENDENT AUDITORS' REPORT .....</b>	<b>1-2</b>
 <b>FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2006</b>	
Balance Sheet .....	3
Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual .....	4
Notes to Financial Statements .....	5-6
 <b>SUPPLEMENTAL SCHEDULE</b>	
Schedule of Mental Health Service Program Expenditures .....	7

\* \* \* \* \*



**REHMANN ROBSON**

*Certified Public Accountants*

*A member of* **THE REHMANN GROUP**



## **INDEPENDENT AUDITORS' REPORT**

March 15, 2007

To the Washtenaw County Board of Commissioners  
Ypsilanti, Michigan

We have audited the accompanying financial statements of ***Washtenaw County Community Support & Treatment Services, a special revenue fund of Washtenaw County, Michigan***, as of and for the year ended September 30, 2006, as listed in the table of contents. These financial statements are the responsibility of Washtenaw County Community Support & Treatment Services' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only Washtenaw County Community Support & Treatment Services Special Revenue Fund and do not purport to, and do not present fairly the financial position of Washtenaw County, Michigan, as of September 30, 2006, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Washtenaw County Community Support & Treatment Services, a special revenue fund of Washtenaw County, Michigan as of September 30, 2006, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental schedule listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Washtenaw County Community Support & Treatment Services. Such information has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style with a large initial 'L'.

# **FINANCIAL STATEMENTS**

**WASHTENAW COUNTY**  
**COMMUNITY SUPPORT & TREATMENT SERVICES**

**Balance Sheet**  
**September 30, 2006**

**Assets**

Accounts receivable	\$ 304,893
Fees receivable, net	165,380
Due from Washtenaw Community Health Organization	2,018,045
Due from other governments	<u>52,441</u>

<b>Total assets</b>	<b><u><u>\$ 2,540,759</u></u></b>
---------------------	-----------------------------------

**Liabilities**

Negative equity in pooled cash of Washtenaw County	\$ 422,775
Accounts payable	134,714
Accrued payroll	674,332
Due to Washtenaw Community Health Organization	227,808
Due to other funds of Washtenaw County	<u>34,666</u>

Total liabilities	1,494,295
-------------------	-----------

**Fund balance**

Unreserved, undesignated	<u>1,046,464</u>
--------------------------	------------------

<b>Total liabilities and fund balance</b>	<b><u><u>\$ 2,540,759</u></u></b>
---	-----------------------------------

The accompanying notes are an integral part of these financial statements.

**WASHTENAW COUNTY**  
**COMMUNITY SUPPORT & TREATMENT SERVICES**

**Statement of Revenue, Expenditures,  
and Changes in Fund Balance - Budget and Actual  
For the Year Ended September 30, 2006**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Over (Under) Final Budget</b>
<b>Revenue</b>				
Intergovernmental:				
Federal	\$ 857,369	\$ 864,744	\$ 688,077	\$ (176,667)
State	120,344	656,784	883,212	226,428
Washtenaw Community Health Organization	17,566,191	18,043,012	18,159,786	116,774
Charges for services:				
Insurance	508,060	508,060	260,395	(247,665)
Other service fees	20,000	20,000	104,645	84,645
Other revenue and reimbursements:				
Revenue contracts	405,612	405,612	414,354	8,742
Other	25,500	25,500	32,135	6,635
 Total revenue	 19,503,076	 20,523,712	 20,542,604	 18,892
<b>Expenditures</b>				
Board administration	2,067,486	2,088,036	2,309,426	221,390
Access and prevention	831,490	829,990	792,284	(37,706)
Youth and family	1,896,294	1,928,169	2,081,950	153,781
Services to the mentally impaired	5,853,821	6,081,445	5,957,358	(124,087)
Services to the developmentally disabled	10,703,819	10,909,466	10,540,350	(369,116)
 Total expenditures	 21,352,910	 21,837,106	 21,681,368	 (155,738)
 Revenue over (under) expenditures	 (1,849,834)	 (1,313,394)	 (1,138,764)	 174,630
<b>Other financing sources</b>				
Transfers from Washtenaw County	1,849,834	1,313,394	1,280,906	(32,488)
 Revenue and other financing sources over expenditures	 -	 -	 142,142	 142,142
 Fund balance, beginning of year	 904,322	 904,322	 904,322	 -
<b>Fund balance, end of year</b>	<b>\$ 904,322</b>	<b>\$ 904,322</b>	<b>\$ 1,046,464</b>	<b>\$ 142,142</b>

The accompanying notes are an integral part of these financial statements.



# WASHTENAW COUNTY COMMUNITY SUPPORT & TREATMENT SERVICES

## Notes To Financial Statements

---

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Washtenaw County Community Support & Treatment Services (CSTS or the “Fund”; formerly known as Washtenaw County Community Mental Health Fund) is used to account for the provision of certain mental health services to citizens of Washtenaw County. From 1965 through 2001, the Fund was administered by the Community Mental Health Board (the “Board”), created by a resolution of the County Board of Commissioners pursuant to Act 54 of the Public Acts of 1963, as amended. In 2001, the County Board of Commissioners assumed the administration of the Fund.

Effective October 1, 2000, the Washtenaw Community Health Organization (WCHO), a separate legal entity formed by Washtenaw County and the University of Michigan pursuant to the Urban Cooperation Act (Public Act 7 of 1967), replaced the Board as the official community mental health service provider for Washtenaw County, as specified in the full management contract with the Michigan Department of Community Health (MDCH). Washtenaw County serves as a primary subcontractor of WCHO, and accounts for its activities relative to its contract with WCHO in the Fund.

**Reporting Entity** - These financial statements represent the financial condition and the results of operations of a special revenue fund of Washtenaw County, Michigan (the “County”) and are an integral part of that reporting entity. CSTS is not a component unit of Washtenaw County or any other reporting entity, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*.

**Basis of Accounting** - The County uses a special revenue fund (i.e., a separate accounting entity with a self-balancing set of accounts, using the modified-accrual basis of accounting) to report the financial position and the results of its community mental health operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions and activities.

**Receivables** - Receivables consist primarily of fees and other such charges for services to first or third party payors, which are shown net of an allowance for uncollectible accounts based on an estimate of collectability by management.

In addition, because of the close relationship between WCHO and CSTS, and the numerous transactions entered into between the two entities during the year, certain amounts are reported as due to/due from WCHO. These amounts are short-term in nature, and are generally paid or received within 30 days.

**WASHTENAW COUNTY  
COMMUNITY SUPPORT & TREATMENT SERVICES**

**Notes To Financial Statements**

---

**Short-term Interfund Receivables/Payables** – During the course of operations, numerous transactions occur between CSTS and Washtenaw County for goods provided, services rendered or the transfer of County appropriations. These receivables and payables are classified as “due from (to) other funds of Washtenaw County” on the balance sheet.

**Budgetary Accounting** – CSTS is under formal budgetary control and follows both the County and MDCH’s annual budget process in establishing the budgetary data presented in the financial statements. The annual fiscal budget is adopted on a basis consistent with generally accepted accounting principles and the requirements of the MDCH.

Over budget variances at the legal level of control are as presented on the Statement of Revenue, Expenditures, and Changes in Fund Balance – Budget and Actual.

**Concentration** – CSTS derives substantially all of its revenue from WCHO and provides services almost exclusively to WCHO clients. Accordingly, discontinuation of WCHO’s contract could adversely affect the Fund’s operating results.

**2. CASH**

CSTS, along with various other funds and component units of the County, participates in the County’s pooled cash management accounts. Information regarding this cash management pool is presented in the County’s comprehensive annual financial report.

**3. FEES RECEIVABLE**

Receivables for service charges to first and third-party payors consisted of the following at September 30, 2006:

Medicare	\$ 377,073
Third-party	109,474
Other receivable	<u>12,433</u>
	<b>498,980</b>
Less: Allowance for uncollectible accounts	<u>(333,600)</u>
<b>Fees receivable, net</b>	<b><u>\$ 165,380</u></b>

\* \* \* \* \*

# **SUPPLEMENTAL SCHEDULE**

**WASHTENAW COUNTY**  
**COMMUNITY SUPPORT & TREATMENT SERVICES**

**Schedule of Mental Health Service**

**Program Expenditures**

**For the Year Ended September 30, 2006**

	<u><b>Board Administration</b></u>	<u><b>Access and Prevention</b></u>	<u><b>Youth and Family</b></u>
<b>Expenditures</b>			
Personnel	\$ 977,469	\$ 631,822	\$ 1,528,873
Client expenses	480	-	1,491
Contracts	18,284	101,489	306,571
Cost allocation	848,851	30,111	75,910
Operations	464,342	28,862	169,105
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total expenditures</b>	<u><u><b>\$ 2,309,426</b></u></u>	<u><u><b>\$ 792,284</b></u></u>	<u><u><b>\$ 2,081,950</b></u></u>

<b>Services to the Mentally Impaired</b>	<b>Services to the Developmentally Disabled</b>	<b>Total</b>
<hr/>	<hr/>	<hr/>
\$ 5,221,168	\$ 9,048,862	\$ 17,408,194
26,795	404,892	433,658
78,695	179,174	684,213
404,855	332,572	1,692,299
225,845	574,850	1,463,004
<hr/>	<hr/>	<hr/>
<b><u><u>\$ 5,957,358</u></u></b>	<b><u><u>\$ 10,540,350</u></u></b>	<b><u><u>\$ 21,681,368</u></u></b>